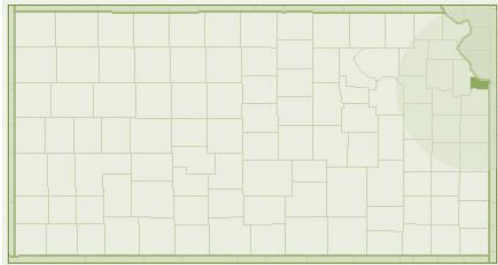


ECONOMIC IMPACT OF PROPOSED GAMING FACILITY

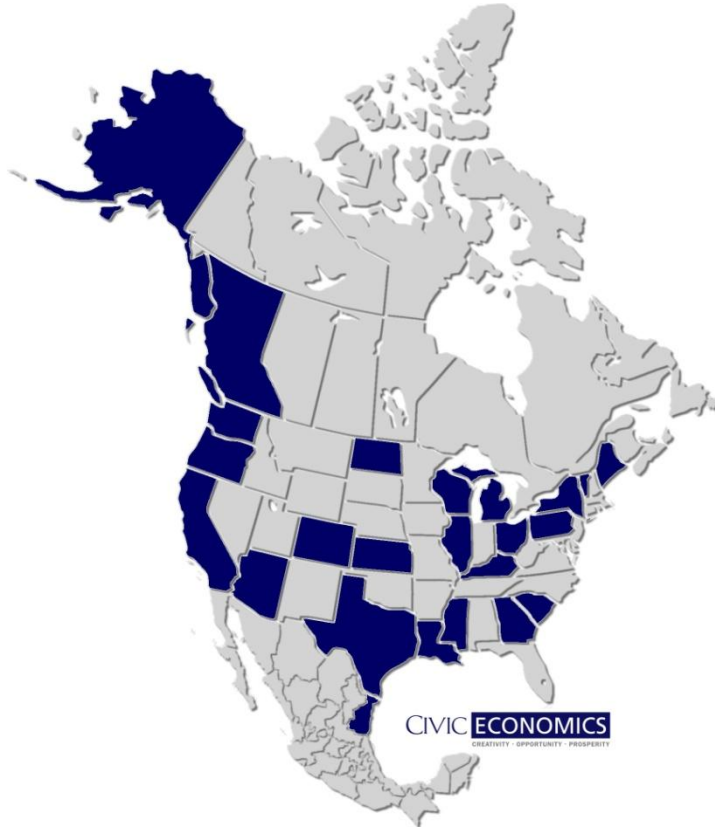


**WYANDOTTE COUNTY
GAMING ZONE
2009**

BRIEF AGENDA

- About Civic Economics
- Overview of Scope
- Economic Impact Approach
- Economic Impact of Construction
- Economic Impact of Operations
- Non-Gaming Competitive Impacts

About Civic Economics



***Economic Analysis & Strategic
Planning for Sustainable Prosperity***

- Established in 2002
- Matt Cunningham in Chicago, Dan Houston in Austin
- Diverse practice in scope and geography
- Not a gaming/tourism practice

Scope of Work

Scope of Work

- Economic impact of construction and operations of proposed facilities
- Review of competition for non-gaming activities

Economic Impact Approach

Economic Impact Approach

- IMPLAN, an industry-standard tool built on input-output modeling
- Impacts calculated on a statewide basis
- Focus is on equitable treatment of applicants
 - Developed a single model for both applicants
 - Built from the model developed in 2008

Economic Impact Approach

- Used data supplied by applicants where possible
 - Any adjustments made for both applicants

NET Economic Impacts

- The most important thing to learn today:
 - Economic impact analysis must focus on activity that is new to the study area
 - Activity that simply moves from one location or firm to another is not new to the area

NET Economic Impacts

- *Export Revenue:*
 - This refers to the portion of gaming revenues derived from non-Kansas visitors that would not, absent the proposed casino, have occurred in Kansas.
- *Import Substitution Revenue:*
 - This refers to the portion of gaming revenues derived from Kansas residents that would, absent the proposed casino, have occurred outside of Kansas.

Economic Impact Reporting

- Economic impacts are comprised of three separate categories.
 - *Economic Output* is the total production or sales derived from the project.
 - *Employment* is the total number of Kansans employed both on a full and part time basis in a given industry.
 - *Wages* is the amount of salaries and benefits paid to Kansas employees.

Economic Impact Reporting

- For each of the categories listed above a direct effect, indirect effect, and induced effect has been calculated.
 - *Direct* effects capture the initial impact created.
 - *Indirect* effects are additional impacts derived from businesses providing products or services to the selected industries.
 - *Induced* effects are the result of increased household spending due to the direct and indirect effects.

Construction Impacts

Construction Impacts

- Temporary economic activity associated with designing and building facilities and associated infrastructure
- Used only Phase I
- Cost inputs provided by applicants
- Assumed all activity in 2011
- Simply put, relative cost of proposed facilities drives relative outcomes

Construction Impacts

CONSTRUCTION IMPACTS SUMMARY				
2009 GAMING FACILITY PROPOSALS				
Based on contractually obligated Phase I development				
	Direct	Indirect	Induced	Total
ECONOMIC OUTPUT	Total revenues associated with construction (\$ Millions)			
Kansas Entertainment	\$ 123,480,436	\$ 43,001,786	\$ 49,102,012	\$ 215,584,229
EMPLOYMENT	Total workers, including full-time and part-time			
Kansas Entertainment	1,102	299	463	1,863
WAGES	Total wages paid to workers identified above (\$ Millions)			
Kansas Entertainment	\$ 49,604,288	\$ 14,329,145	\$ 14,910,646	\$ 78,844,077

Source: Applicant Submissions, IMPLAN, Civic Economics

Operating Impacts

Operating Impacts

- Used 2013 for first full year of operations
 - One year further out than used in 2008
- Steps to determine inputs:
 - Gaming revenue and operational scale
 - Calculation of net impacts from Cummings and Wells analyses
 - Final input modifications for labor costs

Operating Impacts

- Biggest change in 2009 approach:
 - Three Scenarios for each proposal
 - Phase I – Contractually obligated development
 - Raving Alternative Minimum
 - Full Build-Out – Goes beyond that which is technically required in the contracts

Operational Scale

- Applicants projected both non-gaming and gaming revenues
 - Gaming revenue applied here is average of Cummings and Wells mid-case
- Non-gaming revenues were adjusted proportionately
 - Up in Sumner, down in Wyandotte

Revenue Forecasts

ADJUSTED REVENUE FORECASTS, 2013

Based on contractually obligated Phase I development

KANSAS ENTERTAINMENT, WYANDOTTE (In 2009 Dollars)

GAMING REVENUE PROJECTIONS

Estimated gaming revenue: Applicant *	\$	220,185,000
Estimated gaming revenue: Wells	\$	146,625,000
Estimated gaming revenue: Cummings	\$	186,000,000
Average of Wells & Cummings	\$	166,312,500
Ratio of Wells/Cummings to Applicant		0.76

ADJUSTED NON-GAMING REVENUE PROJECTIONS

Hotel Revenue	\$	-
Food & Beverage Revenue	\$	12,067,164
Retail Revenue	\$	1,544,785
Other Revenue	\$	364,825

CHISOLM CREEK, SUMNER, (In 2009 Dollars)

GAMING REVENUE PROJECTIONS

Estimated gaming revenue: Applicant *	\$	121,139,087
Estimated gaming revenue: Wells	\$	134,518,000
Estimated gaming revenue: Cummings	\$	149,200,000
Average of Wells & Cummings	\$	141,859,000
Ratio of Wells/Cummings to Applicant		1.17

ADJUSTED NON-GAMING REVENUE PROJECTIONS

Hotel Revenue	\$	-
Food & Beverage Revenue	\$	14,703,209.71
Retail Revenue	\$	1,543,977.05
Other Revenue	\$	292,404.59

SOURCE: Applicant submissions, Uninflated projections from Wells Gaming and Cummings & Assoc., Civic Economics

* Inflated by applicant at unknown rate

Revenue Forecasts

ADJUSTED REVENUE FORECASTS, 2013

Based on Raving Alternative Minimum destination casino design

KANSAS ENTERTAINMENT, WYANDOTTE (In 2009 Dollars)

GAMING REVENUE PROJECTIONS

Estimated gaming revenue: Wells	\$	178,101,000
Estimated gaming revenue: Cummings	\$	191,400,000

Average of Wells & Cummings	\$	184,750,500
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Ratio of Wells/Cummings Alternative Minimum Wells/Cummings Phase I	1.11
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ADJUSTED NON-GAMING REVENUE PROJECTIONS

Hotel Revenue	^	\$	8,000,000
Food & Beverage Revenue	^	\$	14,000,000
Retail Revenue	^	\$	1,200,000
Other Revenue	^	\$	-

CHISOLM CREEK, SUMNER, (In 2009 Dollars)

GAMING REVENUE PROJECTIONS

Estimated gaming revenue: Wells	\$	156,449,000
Estimated gaming revenue: Cummings	\$	154,000,000

Average of Wells & Cummings	\$	155,224,500
--	-----------	--------------------

Ratio of Wells/Cummings Alternative Minimum Wells/Cummings Phase I	1.09
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ADJUSTED NON-GAMING REVENUE PROJECTIONS

Hotel Revenue	^	\$	3,300,000
Food & Beverage Revenue	^	\$	14,000,000
Retail Revenue	^	\$	1,200,000
Other Revenue	^	\$	1,200,000

SOURCE: Raving Consulting, Uninflated projections from Wells Gaming and Cummings & Assoc., Civic Economics

^ Estimated by Raving Consulting

Revenue Forecasts

ADJUSTED REVENUE FORECASTS, 2015

Based on applicant's proposed full build-out

KANSAS ENTERTAINMENT, WYANDOTTE (In 2009 Dollars)

GAMING REVENUE PROJECTIONS

Estimated gaming revenue: Applicant *	\$	326,784,894
Estimated gaming revenue: Wells	\$	222,699,000
Estimated gaming revenue: Cummings	\$	225,700,000
Average of Wells & Cummings	\$	224,199,500
Ratio of Wells/Cummings to Applicant		0.69

ADJUSTED NON-GAMING REVENUE PROJECTIONS

Hotel Revenue	^	\$	10,000,000
Food & Beverage Revenue	^	\$	16,800,000
Retail Revenue		\$	1,456,231
Other Revenue		\$	-

CHISOLM CREEK, SUMNER, (In 2009 Dollars)

GAMING REVENUE PROJECTIONS

Estimated gaming revenue: Applicant *		NA
Estimated gaming revenue: Wells	\$	180,639,000
Estimated gaming revenue: Cummings	\$	166,400,000
Average of Wells & Cummings	\$	173,519,500
Ratio of Wells/Cummings to Applicant		NA

ADJUSTED NON-GAMING REVENUE PROJECTIONS

Hotel Revenue	\$	3,688,943
Food & Beverage Revenue	\$	15,650,062
Retail Revenue	\$	1,341,434
Other Revenue	\$	1,341,434

SOURCE: Applicant Submissions, Raving Consulting, Uninflated Projections from Wells Gaming and Cummings & Assoc., Civic Economics

* Inflated by applicant at unknown rate

^ Estimated by Raving Consulting

Net Gaming Revenue Adjustment

- Cummings and Wells analysis allows an estimate of gaming revenue flows among states
- This analysis uses the sum of:
 - Import Substitution
 - Export

Money Flows from State to State

NET GAMING REVENUES IN KANSAS CASINOS, 2013

Based on contractually obligated Phase I development

KANSAS ENTERTAINMENT, WYANDOTTE

Wells

Estimated Gaming Revenue	\$	146,625,000
Estimated Gaming Export	\$	34,139,039
Estimated Gaming Import Substitution	\$	69,780,064
Net or New Revenue	\$	103,919,103

Cummings

Estimated Gaming Revenue	\$	186,000,000
Estimated Gaming Export	\$	49,800,000
Estimated Gaming Import Substitution	\$	76,100,000
Net or New Revenue	\$	125,900,000

Average Net Revenue \$ **114,909,552**

Net as a % of Gaming Revenue **69.1%**

New Gaming Spending by Kansans \$ **51,402,949**

CHISHOLM CREEK, SUMNER

Wells

Estimated Gaming Revenue	\$	134,518,000
Estimated Gaming Export	\$	2,990,255
Estimated Gaming Import Substitution	\$	68,231,289
Net or New Revenue	\$	71,221,544

Cummings

Estimated Gaming Revenue	\$	149,200,000
Estimated Gaming Export	\$	4,800,000
Estimated Gaming Import Substitution	\$	39,900,000
Net or New Revenue	\$	44,700,000

Average Net Revenue \$ **57,960,772**

Net as a % of Gaming Revenue **43.1%**

New Gaming Spending by Kansans \$ **83,898,228**

SOURCE: Uninflated projections from Wells, Cummings, Applicant Submissions Civic Economics

Money Flows from State to State

NET GAMING REVENUES IN KANSAS CASINOS, 2013

Based on Raving Alternative Minimum destination casino design

KANSAS ENTERTAINMENT, WYANDOTTE		CHISHOLM CREEK, SUMNER	
Wells		Wells	
Estimated Gaming Revenue	\$ 178,101,000	Estimated Gaming Revenue	\$ 156,449,000
Estimated Gaming Export	\$ 43,478,721	Estimated Gaming Export	\$ 4,466,073
Estimated Gaming Import Substitution	\$ 87,788,024	Estimated Gaming Import Substitution	\$ 87,883,992
Net or New Revenue	\$ 131,266,745	Net or New Revenue	\$ 92,350,065
Cummings		Cummings	
Estimated Gaming Revenue	\$ 191,400,000	Estimated Gaming Revenue	\$ 154,000,000
Estimated Gaming Export	\$ 53,400,000	Estimated Gaming Export	\$ 6,400,000
Estimated Gaming Import Substitution	\$ 76,700,000	Estimated Gaming Import Substitution	\$ 41,000,000
Net or New Revenue	\$ 130,100,000	Net or New Revenue	\$ 47,400,000
Average Net Revenue	\$ 130,683,373	Average Net Revenue	\$ 69,875,033
Net as a % of Gaming Revenue	70.7%	Net as a % of Gaming Revenue	44.7%
New Gaming Spending by Kansans	\$ 54,067,128	New Gaming Spending by Kansans	\$ 85,349,468

SOURCE: Uninflated projections from Wells, Cummings, Applicant Submissions Civic Economics

Money Flows from State to State

NET GAMING REVENUES IN KANSAS CASINOS, 2015

Based on applicant's proposed full build-out

KANSAS ENTERTAINMENT, WYANDOTTE

Wells

Estimated Gaming Revenue	\$	222,699,000
Estimated Gaming Export	\$	56,803,392
Estimated Gaming Import Substitution	\$	112,526,489
Net or New Revenue	\$	169,329,881

Cummings

Estimated Gaming Revenue	\$	225,700,000
Estimated Gaming Export	\$	67,100,000
Estimated Gaming Import Substitution	\$	91,100,000
Net or New Revenue	\$	158,200,000

Average Net Revenue \$ **163,764,941**

Net as a % of Gaming Revenue **73.0%**

New Gaming Spending by Kansans \$ **60,434,560**

CHISHOLM CREEK, SUMNER

Wells

Estimated Gaming Revenue	\$	180,639,000
Estimated Gaming Export	\$	6,844,521
Estimated Gaming Import Substitution	\$	108,410,942
Net or New Revenue	\$	115,255,463

Cummings

Estimated Gaming Revenue	\$	166,400,000
Estimated Gaming Export	\$	8,000,000
Estimated Gaming Import Substitution	\$	49,800,000
Net or New Revenue	\$	57,800,000

Average Net Revenue \$ **86,527,732**

Net as a % of Gaming Revenue **47.9%**

New Gaming Spending by Kansans \$ **86,991,769**

SOURCE: Uninflated projections from Wells, Cummings, Applicant Submissions Civic Economics

Adjustment for Labor Cost

- Sought to use applicant submissions for labor intensity of operations
 - IMPLAN models lower than likely new reality
 - Applicants made case for varying labor cost
- Unable to use submissions due to inconsistent productivity values










LABOR COSTS ADJUSTMENTS				
Based upon applicants' projections of revenue, employment, and wages				
	Kansas Entertainment	Chisholm Creek	Average	
Projected Revenue per Employee (FTE)	\$ 253,377	\$ 201,876	\$	227,627
Applicant Submitted Wages per Employee (FTE)	\$ 34,663	\$ 46,022	\$	40,343

Source: Applicant Submissions, Civic Economics

Finally, on to the numbers ...

Operating Impact, Wyandotte

OPERATING IMPACTS SUMMARY KANSAS ENTERTAINMENT, WYANDOTTE COUNTY

			Direct	Indirect	Induced	Total	Relative Impacts
ECONOMIC OUTPUT		Total revenues associated with construction (\$ Millions, Real Dollars)					
Phase I	2013		\$ 140,834,088	\$ 63,140,122	\$ 38,376,599	\$ 242,350,803	
Raving Minimum	2013		\$ 168,148,365	\$ 74,655,164	\$ 46,216,487	\$ 289,020,011	
Full Build-Out	2015		\$ 223,906,292	\$ 99,194,495	\$ 61,686,040	\$ 384,786,812	
EMPLOYMENT		Total workers, including full-time and part-time					
Phase I	2013		888	463	331	1,681	
Raving Minimum	2013		1,100	548	398	2,045	
Full Build-Out	2015		1,395	686	501	2,582	
WAGES		Total wages paid to workers identified above (\$ Millions, Real Dollars)					
Phase I	2013		\$ 28,877,347	\$ 21,359,988	\$ 11,660,265	\$ 61,897,602	
Raving Minimum	2013		\$ 35,293,358	\$ 25,213,648	\$ 14,042,485	\$ 74,549,488	
Full Build-Out	2015		\$ 47,237,104	\$ 33,516,193	\$ 18,742,613	\$ 99,495,914	

Source: Applicant Submissions, IMPLAN, Civic Economics

Non-Gaming Competitive Impacts

Competitive Impacts

- Civic Economics was asked to evaluate likely competitive pressures on existing businesses due to arrival of new non-gaming amenities
- Far simpler in 2009 as proposals are far less wide-ranging
 - Buffet, snack bar, steakhouse
 - Modest entertainment facilities
 - Bars in casino

Gaming Spend Issue

- Remaining projected revenue after NET is new gaming spending by Kansans
- This is money that previously went to other discretionary activity
- Beyond scope here to evaluate sources of that money, but totals are as follows

NEW GAMING SPENDING BY KANSANS, 2013			
Based on contractually obligated Phase I development			
KANSAS ENTERTAINMENT, WYANDOTTE		CHISHOLM CREEK, SUMNER	
New Gaming Spend as a % of Gaming Revenue	30.9%	New Gaming Spend as a % of Gaming Revenue	56.9%
New Gaming Spend by Kansans (In Millions)	\$ 56.2	New Gaming Spend by Kansans (In Millions)	\$ 91.7

NEW GAMING SPENDING BY KANSANS, 2013			
Based on Raving Alternative Minimum destination casino design			
KANSAS ENTERTAINMENT, WYANDOTTE		CHISHOLM CREEK, SUMNER	
New Gaming Spend as a % of Gaming Revenue	29.3%	New Gaming Spend as a % of Gaming Revenue	55.3%
New Gaming Spend by Kansans (In Millions)	\$ 59.1	New Gaming Spend by Kansans (In Millions)	\$ 93.3

NEW GAMING SPENDING BY KANSANS, 2015			
Based on applicant's proposed full build-out			
KANSAS ENTERTAINMENT, WYANDOTTE		CHISHOLM CREEK, SUMNER	
New Gaming Spend as a % of Gaming Revenue	27.0%	New Gaming Spend as a % of Gaming Revenue	52.1%
New Gaming Spend by Kansans (In Millions)	\$ 70.1	New Gaming Spend by Kansans (In Millions)	\$ 100.8

SOURCE: Wells, Cummings, Civic Economics

Comparison to 2008 Proposals

- 2009 Kansas Entertainment proposal generates estimated NET gaming revenues between **69.1%** and **70.3%**.
- 2008 Wyandotte County proposals generated estimated NET gaming revenues of between **67.5%** and **69.9%**.

Food and Beverage Competition

- Reviewed Claritas data for 2009 sales in dining and drinking establishments
 - Kansas side of KC Metro
 - Wichita Metro
- Compared Raving forecast of F&B sales
- Very small impacts in both counties
- 1 - 1.5% in KC
- 2 - 2.2% in Wichita

Thank you.

CivicEconomics.com
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